



2011-12 CalPERS Business Plan

2011-12 CalPERS Business Plan Framework

CalPERS Vision

Pride in our service – providing confidence for your future.

CalPERS Mission

To advance the financial and health security for all who participate in the System. We will fulfill this mission by creating and maintaining an environment that produces responsiveness to those we serve.

Enterprise Priority 1

Customer Focus: Today & Tomorrow

Focus on improved customer service, while implementing my|CalPERS and transforming our core service delivery to meet the changing needs of members and employers.

Enterprise Priority 2

Leadership and Soundness

Ensure the stability and soundness of CalPERS pension and health programs by delivering sound investment results, adapting to changing conditions, and exercising leadership in pension, health, and financial market policy.

Enterprise Priority 3

Building Internal Strength

Deliver world-class customer service to our members and employers by improving the alignment between our culture, business strategy, and organization structure. Create a risk-intelligent environment that ensures accountability, integrity, transparency, nimbleness, and innovation. Further develop our staff to create a high-performing employee team with a broad and diverse range of skills, ideas, and perspectives.

2011-12 CalPERS Business Plan Framework

Enterprise Priority 1

Customer Focus: Today & Tomorrow

Focus on improved customer service, while implementing my|CalPERS and transforming our core service delivery to meet the changing needs of members and employers.

Strategic Plan Goals

Goal 4

Design and develop education and communication initiatives to ensure broad member and stakeholder understanding of CalPERS value.

Goal 6

Administer pension benefit services in a customer-oriented and cost-effective manner.

Goal 7

Enable and educate members and employers to make informed decisions leading to a predictable and secure retirement future.

Goal 11

Promote the ability of members and employers to make informed decisions resulting in improved lifestyle choices and healthy outcomes.

Objectives & Initiatives

1

Provide one-stop shopping and enhanced customer capabilities through my|CalPERS implementation

- Implement the initial my|CalPERS solution (September 2011) **(COMPLETED)**
- Implement my|CalPERS Release 2 (March 2012)
- Implement my|CalPERS Member Self-Service (March 2012) **(PROPOSED DATE CHANGE TO APRIL 2012)**

2

Ensure continuity of core service delivery through the successful transition of staff and customers to my|CalPERS

- Complete staff transition readiness activities for the initial my|CalPERS launch (September 2011) **(COMPLETED)**
- Provide education, training, and assistance to business partners to promote understanding of my|CalPERS (December 2011)
- Transition PERT assigned staff, responsibilities, project artifacts, tools, training materials, open issues, and lessons learned to program and IT staff (April 2012)
- Complete staff and member transition readiness activities for the my|CalPERS launch of member self-service (April 2012)
- Complete an enterprise post-launch assessment, provide recommendations to Senior Management and adjust transition management activities as needed (April 2012)

2011-12 CalPERS Business Plan Framework

Enterprise Priority 1 (continued)

Customer Focus: Today & Tomorrow

Focus on improved customer service, while implementing my|CalPERS and transforming our core service delivery to meet the changing needs of members and employers.

Strategic Plan Goals

Goal 4

Design and develop education and communication initiatives to ensure broad member and stakeholder understanding of CalPERS value.

Goal 6

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Objectives & Initiatives

3

Develop an enterprise strategy for transforming service delivery

- Conduct two health care delivery studies to investigate variations and deficiencies in care and treatment delivery (December 2011)
- Develop an enterprise framework and three- to five-year road map that identifies service delivery transformation and implementation efforts (June 2012) (***PROPOSED SCOPE CHANGE TO Develop an enterprise framework and identify objectives for service delivery transformation over a three-to five-year horizon (June 2012)***)
- Develop pension, business partner, health care, and risk business intelligence data mart frameworks by leveraging the my|CalPERS Enterprise Data Warehouse environment (June 2012)
- Develop a unified strategy that strengthens product and service marketing of all programs (June 2012)

2011-12 CalPERS Business Plan Framework

Enterprise Priority 2 Leadership and Soundness

Ensure the stability and soundness of CalPERS pension and health programs by delivering sound investment results, adapting to changing conditions, and exercising leadership in pension, health, and financial market policy.

Strategic Plan Goals

Goal 1 Exercise global leadership to ensure the sustainability of CalPERS pension and health benefit systems.	Goal 5 Provide sustainable pension benefit products and services responsive to and valued by members, employers, and stakeholders.	Goal 8 Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first to pay benefits, and second to minimize and stabilize contributions.
Goal 9 Achieve long-term, sustainable, risk-adjusted returns.	Goal 10 Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.	Goal 12 Engage and influence the health care marketplace to provide medical care that optimizes quality, access, and cost.

Objectives & Initiatives

1

Influence State and federal retirement policy and plan design discussions

- Develop policy expertise by establishing a pension policy and research function (August 2011) (**COMPLETED**)
- Develop and publish two retirement security issue papers (March 2012)
- Develop recommendations for the Board on improvements to risk pooling, including allocation of salary experience (June 2012)

2

Influence State and federal health care policy to improve the cost effectiveness of the health program and health outcomes

- Establish a health care policy and research function to assist in development of a proactive policy platform (August 2011) (**COMPLETED**)
- Develop a three- to five-year strategy for transforming health products and offerings to meet the needs of members and employers (December 2011)
- Partner with four participating program employers to implement Workplace Wellness Programs (December 2011)
- Develop payment-related policies for participating health plans that contain costs and improve quality (June 2012)

2011-12 CalPERS Business Plan Framework

Enterprise Priority 2 (continued) Leadership and Soundness

Ensure the stability and soundness of CalPERS pension and health programs by delivering sound investment results, adapting to changing conditions, and exercising leadership in pension, health, and financial market policy.

Strategic Plan Goals

Goal 1 Exercise global leadership to ensure the sustainability of CalPERS pension and health benefit systems.	Goal 5 Provide sustainable pension benefit products and services responsive to and valued by members, employers, and stakeholders.	Goal 8 Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first to pay benefits, and second to minimize and stabilize contributions.
Goal 9 Achieve long-term, sustainable, risk-adjusted returns.	Goal 10 Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.	Goal 12 Engage and influence the health care marketplace to provide medical care that optimizes quality, access, and cost.

Objectives & Initiatives

3

Enable the delivery of strategic investment priorities by implementing the 2011-12 Investment Office Roadmap

- Deliver consistent risk-adjusted investment returns (June 2012)
- Continue to evolve capital allocation framework from traditional asset based to alternative, more dynamic allocation mechanisms (June 2012)
- Establish a comprehensive risk management system and practices to measure, manage, and communicate investment risks to enhance risk adjusted returns of the fund. Reduce operational risk by developing a risk aware culture with an integrated governance structure, clear metrics, and operational risk management processes (June 2012)
- Design and implement a robust, integrated operating model that minimizes complexity, improves transparency, and strengthens processes, systems, and controls (June 2012)
- Ensure cost effectiveness of the investment program to improve net returns on assets (June 2012)
- Enhance our ability to recruit, develop, and retain a highly-skilled, diverse, and motivated team to ensure the success of the Investment Office (June 2012)

4

Enhance financial, actuarial, and program reporting to educate stakeholders

- Include additional information on funding status and contribution levels in pension plan actuarial valuation reports (November 2011) (**COMPLETED**)
- Conduct a review of economic assumptions used in actuarial valuation reports and implement needed changes (April 2012)
- Improve transparency and accessibility of financial information by completing two Web site enhancements (June 2012)
- Develop and implement a public agency health care cost trend report (June 2012)

2011-12 CalPERS Business Plan Framework

Enterprise Priority 3 Building Internal Strength

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Strategic Plan Goals

Goal 2

Foster a work environment that values quality, respect, diversity, integrity, openness, communication, and accountability.

Goal 3

Sustain a high performance work culture utilizing staff development, technology, and innovative leadership and management strategies.

Objectives & Initiatives

1

Complete planned efforts of the organizational structure, processes, and cultural alignment initiatives

- Identify and implement the restructuring of two core business processes for the new organizational structure (October 2011) **(PROPOSED DATE CHANGE TO JUNE 2012)**
- Communicate processes and rationale for changes to staff and stakeholders through all implementation phases (December 2011) **(PROPOSED DATE CHANGE TO JUNE 2012)**
- Complete implementation of the organizational structure and related decision rights changes (December 2011) **(PROPOSED DATE CHANGE TO JUNE 2012)**
- Ensure 90 percent of all staff complete the Values Workshop (June 2012)
- Develop an actionable improvement strategy for two measures from the organization health survey (June 2012)

2

Develop a culturally diverse workforce and business relationships that model diversity and inclusion best practices

- Institute policies and practices requiring office supplies be purchased from certified small or disabled veteran enterprise businesses (March 2012)
- Design and implement leadership culture competency and multi-generational workforce training (June 2012)
- Increase the diversity of applicants for outside counsel by expanding outreach and engagement efforts (June 2012)
- Launch employee Web-based diversity and inclusion training and a leadership resource toolkit (June 2012)

2011-12 CalPERS Business Plan Framework

Enterprise Priority 3 (continued) Building Internal Strength

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Strategic Plan Goals

Goal 2

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Goal 3

Sustain a high performance work culture utilizing staff development, technology, and innovative leadership and management strategies.

Objectives & Initiatives

3

Integrate enterprise risk management into governance structures and culture to effectively evaluate, monitor, and manage risk across the organization

- Develop an enterprise risk inventory (September 2011) **(COMPLETED)**
- Ensure 80 percent of all managers and supervisors complete risk management training (December 2011)
- Establish an enterprise repository of policies, identified risk tolerances, and risk measurement systems (March 2012) **(PROPOSED DATE CHANGE TO JUNE 2012)**
- Implement the 2011 Information Security Strategy (June 2012)

4

Increase staff expertise and reduce reliance on consulting services to ensure the development and retention of core business expertise

- Add required knowledge transfer language to all multi-year consulting services contracts (December 2011)
- Reduce enterprise consultant contract expenditures by 5 percent (June 2012)

5

**(PROPOSED NEW OBJECTIVE)
Improve strategic vision and system oversight, clarify accountability, and improve decision-making through implementation of the Board Governance initiatives**

- Implement approved Powers Reserved by the Board by adopting new Board Committee structures and Delegations of Authority (April 2012)
- Revise and implement appropriate Board policies, governance principles, and certifications (June 2012)
- Ensure alignment with Board strategy by instituting new Board agenda materials, templates, guidelines, and consent calendars (June 2012)
- Launch a planning process to develop a three- to five-year Strategic Plan (June 2012)

